

Message Text

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PAGE 01 LIMA 07446 292258Z

ACTION ARA-14

INFO OCT-01 ISO-00 COME-00 EB-08 TRSE-00 AID-05 DOTE-00

OMB-01 CIAE-00 INR-07 NSAE-00 DODE-00 L-03 PRS-01

/040 W

-----104999 292304Z /75

P R 292233Z AUG 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 6390

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

UNCLAS LIMA 7446

E.O. 11652: N/A

TAGS: ECIN, EIND, ECON, PE

SUBJECT: ANDEAN PACT REACHES AGREEMENT ON AUTOMOTIVE PROGRAM

REF: LIMA 6916

1. ANDEAN PACT COMMISSION MEMBERS' LONG EFFORTS TO RESOLVE THE IMPASSE ON THE AUTOMOTIVE SECTORAL PROGRAM APPARENTLY ENDED EARLY MORNING AUGUST 28 WITH AN ANNOUNCEMENT THAT AGREEMENT HAD BEEN REACHED. THE AUTOMOTIVE PROGRAM WILL BE FORMALLY ADOPTED BY THE COMMISSION IN THEIR MEETING IN QUITO SEPTEMBER 12. COMMISSION PRESIDENT GALO MONTANO PEREZ IN ANNOUNCING THE AGREEMENT STRESSED THAT IT WAS SATISFACTORY TO ALL COUNTRIES AND THIS WAS ECHOED IN A SEPARATE STATEMENT BY BOLIVIAN REPRESENTATIVE DR. WILLY VARGAS.

2. PRESS ACCOUNTS BASED ON A VERBAL BRIEFING ARE CONFUSING AND OFTEN CONTRADICTORY. DETAILS OF THE FINAL FORM OF THE AGREEMENT WILL NOT BE AVAILABLE UNTIL AUGUST 30. HOWEVER, IT APPEARS THAT PERU'S
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NEEDS WHICH LED TO DEMANDS FOR ASSIGNMENT OF A-2 AUTOS (1000 TO 1500 CC) AND B-2 TRUCKS (3.0 TO 9 TONS) WERE MET SATISFACTORILY. IN THE CASE OF AUTOS PERU DID NOT RECEIVE A A-2 ASSIGNMENT BUT WAS GIVEN A SECOND MODEL ASSIGNMENT WITHIN THE A-3 CATEGORY. THIS SATISFIED PERU'S DESIRE FOR AT LEAST TWO MODELS WHICH WOULD JUSTIFY DEVELOPMENT OF A CAPACITY TO PRODUCE ENGINES.

(AGREEMENTS MADE EARLIER WILL REQUIRE PERU TO INCORPORATE VENEZUELAN ENGINES IN ONE PERUVIAN A-3 AUTO.) IT REMAINS TO BE SEEN WHETHER THIS MEANS VOLKSWAGENS WILL BE UPGRADED TO A-3 BY USING A LARGER ENGINE THAN THE PRESENT 1300 CC OR WHETHER THEY WILL BE CONTINUED FOR LOCAL SALES ONLY.

3. AS FOR TRUCKS, THE B-2 CATEGORY WHICH PERU SOUGHT HAS APPARENTLY BEEN DIVIDED INTO TWO CATEGORIES. THE LOWER ONES WHICH WAS GIVEN TO PERU INCLUDES LIGHTER TRUCKS (FROM 3 TO 4.5 TONS) WHICH CAN BE UTILIZED AS MICROBUSES. THE HEAVIER B-2 TRUCKS REMAIN AS A BOLIVIAN ASSIGNMENT.

4. THE DETAILS OF THE COMPROMISE PROGRAM WHICH INCLUDES AGREEMENTS FOR COPRODUCTION, FINAL ASSEMBLY, AND COMPLEMENTARY AGREEMENTS WILL BE REPORTED AS SOON AS THEY ARE AVAILABLE. HOWEVER, IT NOW APPEARS THAT PERUVIAN DEMANDS HAVE BEEN MET IN A WAY THAT BOLIVIA AND ECUADOR CAN ACCEPT, AND THAT THE CRITICAL AUTOMOTIVE PROGRAM WHICH HAS SO LONG HELD UP RELATED DECISIONS BY GOVERNMENTS AND OTHERS WILL FINALLY BE ADOPTED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, ECONOMIC AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LIMA07446
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770312-0526
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770813/aaaaakmj.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 42fe5751-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 LIMA 6916
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1451546
Secure: OPEN
Status: NATIVE
Subject: ANDEAN PACT REACHES AGREEMENT ON AUTOMOTIVE PROGRAM
TAGS: ECIN, EIND, ECON, PE, ANCOM
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/42fe5751-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009